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FISCAL IMPACT STATEMENT

LS 6396

BILL NUMBER: HB 1192

NOTE PREPARED: May 2, 2011

BILL AMENDED:

SUBJECT: Microenterprise Partnership Program.

FIRST AUTHOR: Rep. Heaton

FIRST SPONSOR: Sen. Kruse

BILL STATUS: Enrolled

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill transfers administration of the Microenterprise Partnership Program from the Indiana Economic Development Corporation (IEDC) to the Indiana Housing and Community Development Authority (IHCDA). It renames the "Microenterprise Partnership Program Fund" administered by the IEDC as the "Small Business Development Fund". It creates a new Microenterprise Partnership Program Fund under administration of the IHCDA. The bill also repeals the law concerning the Microenterprise Partnership Program administered by the IEDC.

Effective Date: Upon passage; July 1, 2011.

Explanation of State Expenditures: The bill provides that before July 1, 2011, the IEDC shall transfer to the IHCDA money designated for the Microenterprise Partnership Program from the Microenterprise Fund, accounting records of grants made from the Microenterprise Partnership Program, and files and any other data pertaining to grants made from the Microenterprise Partnership Program. The current statute authorizing the IEDC to administer this program would be repealed.

IEDC: The bill's provisions would likely have minimal impact on the IEDC. The requirement that authority must be transferred before July 1, 2011, may increase staff workload during the transfer period, but this is not expected to be significant. Also, transferring the specified programs to the IHCDA is not expected to decrease IEDC staff workload, as the program being transferred is considered underutilized by the IEDC.

IHCDA: The bill's provisions would likely increase administrative expenses for the IHCDA. However, some of the additional resources required would be provided by the programs transferred to the IHCDA. For example, under the bill, administrative expenses associated with the Microenterprise Partnership Program

Fund would be paid from the fund. Any additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Background Information - Microenterprise Partnership Program: The Microenterprise Partnership Program provides grants to “microloan delivery organizations” - community-based or nonprofit programs that: (1) have developed a viable plan for providing training, access to financing, and technical assistance to microenterprises; and (2) that meet other criteria and qualifications specified for grant recipients. Grants may not exceed \$25,000 and may be used by microloan delivery organizations (1) to satisfy matching requirements for federal or private grants; (2) to establish a revolving loan fund to make loans to microenterprises; (3) to establish a guaranty fund to guarantee loans made by a commercial lender to microenterprises; and (4) to pay operating costs of the microloan delivery organization. However, no more than 10% of a grant may be used for operating costs. In addition, at least 50% of the loan money disbursed by the microloan delivery organization must be disbursed in loans not exceeding \$10,000.

Microenterprise Partnership Program Fund: Under current statute, the Microenterprise Partnership Program Fund is a revolving fund that carries out the Microenterprise Partnership Program, provides loans for small business development approved by the IEDC, and provides loans or loan guarantees under the Small and Minority Business Financial Assistance Program. The fund consists of General Assembly appropriations and loan repayments. Money in the fund at the end of a fiscal year does not revert to the General Fund. As of December 5, 2010, the fund had a balance of \$10,375.

Under this bill, the current Microenterprise Partnership Program Fund will be renamed the Small Business Development Fund and will continue to be administered by the IEDC. A new fund will be created by this bill, the Microenterprise Partnership Program Fund, which will be administered by the IHCD. This fund will carry out the Microenterprise Partnership Program.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IEDC; IHCD.

Local Agencies Affected:

Information Sources:

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